



**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
CALIFORNIA ORGANIC PRODUCTS ADVISORY COMMITTEE (COPAC)**

Meeting Minutes

**Asilomar Conference Grounds, 800 Asilomar Blvd., Pacific Grove, CA
January 27, 2011**

MEMBERS PRESENT

John Ashby, Chair
John Foster
Sean Swezey
Michelle Dennis
Patrick Kennelly
Larry Hirahara
Garff Hathcock
Karen Klonsky
Melody Meyer
Steven Sherman
Stacy Carlsen
Jenny Lester Moffitt
Blake Alexandre
Ione Conlan
(Voting for tardy member)
Sandra Schmaier
(Voting for member vacancy)
Thomas Chapman
(Voting for Steve DeMuri)

MEMBERS ABSENT

Lauree Bradley (excused)
Ann King Filmer (excused)
David Will (excused)
Steve DeMuri (excused)
Janice Woodhouse (excused)
Thomas Azwell (excused)
Dave Martinelli (excused)
Martin Guerena (excused)
Michael Sencer (excused)

INTERESTED PARTIES

Claudia Reid, CCOF
Devon Pattillo, CCOF
Robin Allan, CCOF
Jake Lewin, CCOF
Katherine Borchard, ASCO
Gerry Willey, ASCO
Gail Youns, ASCO
Lorzeno London, ASCO
Richard Nutter, ASCO
Shayla Nevfeld, Monterey County
Maria Peterson, Monterey County
Arthur Neal, USDA/NOP
Alexis Randolph, QAI
Aaron Turner, OTCO
Joelle Heidinger, Earthbound Farm
Kim Dietz, Smucker Natural Foods
Ray Green, Go Green Consulting
Bill Wolf, Wolf, DiMatteo & Associates
Mike Menes, True Organic Products
Rebekah Menezes, True Organic Products
Laura Hencke

CDFA

Rick Jensen
David Carlson
Steve Patton
Brian Cote
Sarah Cardoni

ITEM 1: INTRODUCTIONS

The committee was called to order at 1:12 p.m. by Mr. John Ashby, Chairperson. Roll was called, a quorum was established, and introductions were made. During this meeting, Ms. Ione Conlan will be voting for Mr. Blake Alexandre, Mr. Thomas Chapman will be voting for Mr. Steve DeMuri, and Ms. Sandra Schmaier will be voting for the vacant consumer member.

Mr. Ashby stated that other agenda items would be placed ahead of public comments and that the public comments would not be discussed prior to 1:30 p.m. because of an error in Asilomar Conference documents that stated the meeting start time was 1:30 p.m. instead of the correct 1:00 p.m. start time.

ITEM 2: ELECTION OF VICE-CHAIR

The floor was opened for nominations.

MOTION: Ms. Conlan moved to elect Mr. Garff Hathcock to serve his first term as Vice-Chair. Ms. Karen Klonsky seconded. Mr. Hathcock moved to elect Mr. John Foster; Mr. Foster declined. The motion passed unanimously and Mr. Hathcock was appointed Vice-Chair of the California Organic Products Advisory Committee (COPAC).

ITEM 3: REVIEW AND APPROVAL OF NOVEMBER 10, 2010 MEETING MINUTES

MOTION: Mr. Larry Hirahara moved to approve the November 10, 2010 meeting minutes as submitted. Dr. Sean Swezey seconded. The motion passed unanimously.

ITEM 4: CALIFORNIA DEPARTMENT OF PUBLIC HEALTH UPDATE

Mr. Pat Kennelly provided COPAC with an overview of the California Department of Public Health's (CDPH's) Organic Processed Product Registration Program Report, an annual report statutorily required by the California Organics Products Act of 2003. Mr. Kennelly reported that the 2010 median annual gross sales revenue for organic processors was \$152,123, down from the \$170,000 reported in 2009, and that the total annual gross sales revenue was \$3.3 billion dollars, down from the \$3.8 billion reported the previous year. Mr. Kennelly explained that the decrease in sales revenue in the past two years was likely caused by the poor economy. It was reported that there was an increase of 86 registrants, bringing the total number of organic processor registrants to 1,695. Many newly registered processors are small and are reporting between \$0 and \$5,000 in gross annual sales or revenue.

The report provided a list of registered organic handlers and processors, a breakdown in the number of organic processor registrants by county, and a breakdown of the quantity of organic product handled by these processors by commodity type. Mr. Kennelly explained that these numbers were based on what was submitted on the registration applications.

Mr. Kennelly provided COPAC with an overview of the complaints filed with CDPH and highlighted modifications to the complaint log, including the addition of the date completed and a relative age of the complaint to give a sense of how long it takes to resolve a particular complaint. CDPH complaints were minimal for the first half of the year; however, in November and December 2010 the number of complaints increased significantly. The vast majority of complaint investigations have been completed and were substantiated with a notice of non-compliance issued to the operation.

Mr. Kennelly stated that CDPH is starting to see problems with organic processors of over the counter drug products that are being certified to National Organic Program (NOP) standards but are not meeting the licensing requirements nor have the manufacturing requirements for drug products, yet are still being certified. CDPH is working with these operations and stated that certifiers need clarification of the difference between cosmetic and drug products and that the issue needs to be brought to the NOP's attention. Mr. Hathcock questioned if these products were certified as organic even though they were not organic products. Mr. Kennelly replied that the organic content in these products was acceptable; the problem is that these are drug products that are required to be produced under strict controls with extensive recordkeeping, documentation, and verification to ensure that the potency is consistent and to ensure that the proper labeling and warnings are on the product. Ms. Claudia Reid, California Certified Organic Farmers Association (CCOF), Policy and Program Director, questioned whether the whole product was being certified or just the ingredients themselves and Mr. Kennelly responded that the whole product was being certified.

ITEM 5: PUBLIC COMMENTS

Ms. Reid acknowledged the success in the passage of Assembly Bill (AB) 2612 and thanked COPAC, CDFA, and the California Farm Bureau Federation for their joint efforts. CCOF plans to promote this success widely.

Ms. Reid stated that CCOF belongs to an organization called the California Climate and Agriculture Network and that they were instrumental in convincing the Speaker of the Assembly and the California Legislature to establish a Select Committee on Organic and Sustainable Agriculture. This committee will be a non-voting policy committee. Ms. Reid stated that there is no certifier seat on COPAC and that there is a certifier seat on the National Organic Standards Board (NOSB). CCOF was a sponsor of legislation in the past to change the makeup to add another seat to COPAC and would be open to that again. Mr. Ashby stated that COPAC voted and wrote a letter to former CDFA Secretary A.G. Kawamura in support of CCOF's aspiration for a seat on COPAC that represents certifiers.

Ms. Reid reported that CCOF is monitoring issues related to the recalibration of the Direct Marketing/Certified Farmers' Market Program issue and thanked the CDFA staff for their continued efforts.

Ms. Reid reported that CCOF is greatly involved in the implementation of AB 856 (2009). Ms. Reid discussed potential areas of concern and stated that the process has been transparent and open to public input and stressed the need to keep working on the cooperative and collaborated efforts.

Ms. Reid brought to light the growing problem for citrus growers with the Asian Citrus Psyllid pest problem and reported that CCOF has opened a dialogue with CDFA staff on the issue. The quarantine has been expanded, putting pressure on organic citrus

growers in the quarantined counties to use pesticides in the effort to eradicate this pest. A meeting has been set for February 2011 with the United States Department of Agriculture (USDA), CDFA, CCOF, and citrus growers to clarify what happens when county agricultural commissioners declare a grove a public nuisance.

Ms. Reid discussed the Governor's budget proposal and its effects on the SOP. There is in the Governor's proposed budget includes language that requests that the new CDFA Secretary to provide the Governor with industry input on where cuts should be made in the CDFA budget. The cut is a one-time \$15 million dollar cut that starts on July 1, 2011, and then a permanent \$30 million dollar cut from 2012 fiscal year on. CDFA General Fund money that the cut needs to come from is only \$98.5 million dollars. Ms. Reid asked Mr. Rick Jensen to address these concerns.

Mr. Jensen stated that there is a process in place in the Governor's announcement in the budget that required the Department to convene a consortium of key stake holders to find and make recommendations for solutions from dependency upon General Fund dollars. There is a proposed \$15 million dollar reduction in general funds, but the programs that depend on those funds are not necessarily going to be disbanded because of the recommendations and solutions that will be made. Approximately \$69 million of the \$98.5 million dollars appropriated by the General Fund is in the Plant Health and Pest Prevention Services Division. Their exclusionary efforts are very important and include programs such as Pest Detection Emergency Projects and Pest Exclusion who handle the borders protection stations. Mr. Aaron Turner of Oregon Tilth questioned if the SOP was funded by registration fees and if there were going to be potential cuts because it is a registration funded program. Mr. Jensen responded that the SOP is industry funded and there are no proposed cuts to the program or cuts to any of the programs within the Inspection Services Division.

Mr. Ashby inquired if there was a limit on the amount of a reserve that a fee funded program can have. Ms. Reid responded that there is a reserve fund raised by fees and registration that every program is required to have that contribute to the Department of Food and Agriculture Fund, which is a reserve account that does not contain General Fund money. Ms. Reid stated that this fund has been previously raided by the Legislature during previous budget crises and questioned if the fund is vulnerable and if it were possible to use that money to backfill General Fund dependency cuts. Mr. Jensen stated that currently those funds are protected by statute. Mr. Jensen clarified Mr. Ashby's question regarding a limit on a reserve by stating that there is a ten percent cap on trust funds, but there are no caps on reserves. Mr. Jensen responded to Ms. Reid's statement about the Department of Food and Agriculture Fund previously being raided by the Legislature by stating that after several lawsuits, the money was paid back with interest.

Mr. Hirahara questioned and Mr. Jensen confirmed that General Fund projects such as pest detection and eradication projects could be impacted.

Ms. Michelle Dennis noted that even though the SOP is not affected by the General Fund cuts, organic growers are still affected. If there were a loss to the exclusionary efforts, organic growers could have to start using pesticides and local organic food would be lost.

Ms. Melody Meyer stated that there are proposals to cut the NOP's budget. Ms. Reid stated that the federal Organic Certification Cost Share Program is a prime example of a program that could be at risk of elimination from federal cuts.

Mr. Bill Wolf, President of Wolf, DiMatteo and Associates, briefed COPAC on AB 856. Per Mr. Wolf, AB 856 will impact all organic farmers. The AB 856 Subcommittee worked with the Fertilizing Materials Inspection Program and regulations were drafted. CDFA filed the proposed AB 856 regulations with the Office of Administrative Law and they are open for comment until March 7, 2011. CDFA has published the registration forms, sent out letters to 2000 entities to register their fertilizers, and will be operating training programs for producers of organic input materials (OIM) that are required to be registered. The law required this to go into effect January 1, 2010, the registration period has opened and it is a two-year registration cycle. The program that has been presented by CDFA is an introductory program with full implementation expected on January 1, 2012. The AB 856 Subcommittee still exists as an advisory group to the California Fertilizer Advisory Board and will do so until a report is presented to the Legislature. The registration fee is \$500 per product or any input that is stated to be intended or available for use to an organic farmer whether it's a compost, soil conditioner, or fertilizer, per label. CDFA has hired two staff members to conduct formula reviews to ensure compliance with NOP standards.

Mr. Ashby questioned if legislation defines OIM as anything that goes into the soil with the exception of pesticides that are already registered. Mr. Wolf responded that the exact language states "for use in organic farming excluding pesticides." The intent of the legislation was only for those companies who are labeling products specifically promoting its use in organic production systems.

ITEM 6: STATE ORGANIC PROGRAM UPDATE

Mr. David Carlson stated that in late November 2010, county agricultural commissioners were notified that they could resume spot inspections. On January 1, 2011, the SOP issued new registration packages to counties that reflect the efficiencies included in AB 2612. In February 2011, the SOP will attend NOP training along with accredited certifying agents.

Mr. Carlson reported that revenue from registration has increased slightly over the last six months. In 2010, the SOP had approximately 327 new registrations, which was slightly lower than 2009.

Mr. Brian Cote provided an overview of the distribution of registration fees paid by organic registrants in 2009. Approximately 57 percent paid between \$0 and \$100;

approximately 20 percent paid between \$175 and \$300; approximately 13 percent paid between \$450 and \$750; approximately six percent paid between \$1,000 and \$1,500 and finally two percent of registrants paid fees between \$2,000 and \$3,000. The SOP does not expect the distribution of registration for 2010 to significantly change from the figures reported for 2009. Ms. Meyer stated that she would be interested to see if the figures for 2010 indicate a specific trend. Dr. Swezey highlighted that approximately 90 percent of organic registrants pay fees between \$0 and \$750 on an annual basis.

Mr. Cote provided a vacancy report and announced the following COPAC vacancies: one consumer representative, three producer alternates, one processor alternate, one retail representative alternate, and one technical alternate. Mr. Jensen stated that these vacancies are a result of enactment of AB 2612, which mandated that each voting member have a specific alternate.

Mr. Cote provided an overview of the complaint log. As of December 2010, there were six active complaints and three of the six active complaints have been active for over 120 days. Mr. Cote provided a brief overview of the active complaints.

Mr. Cote provided an overview of the appeals log. Since 2007, the SOP has received 15 appeals. Currently, the SOP has four active appeals, with 11 resolved. Out of the four active appeals, two are under review by CDFA's Hearing Officer. The remaining two appeals were referred to the Office of the Attorney General.

Mr. Jensen provided an overview of the status of the organic database. The SOP is moving forward with the development of a new database. The SOP prepared a feasibility study report and scope of work. A request for offer was submitted and two bids were received. The bids received were significantly apart in dollars. One of the bids was well beyond what was anticipated. Consequently, the request for offer was formally rescinded, as neither bid was acceptable. The SOP is working with CDFA's Information Technology Division to take an intermediary step, which is a request for information. The SOP is rewriting the scope of work to obtain consistent offers. Accordingly, implementation of the organic database is delayed.

ITEM 7: NATIONAL ORGANIC PROGRAM UPDATE

Mr. Arthur Neal provided a NOP update. Mr. Neal iterated that the federal Organic Certification Cost Share Program has been targeted for removal. The NOP is working to ensure that correct information related to Organic Certification Cost Share Program funding is disseminated online. Mr. Neal provided an overview of current issues with the federal budget. The NOP will host accredited certifying agent training in Portland, Oregon in February 2011. The NOP is in the process of ensuring that more information related to guidance documentation is provided on the NOP's website.

ITEM 8: NATIONAL ORGANIC STANDARDS BOARD UPDATE

Mr. John Foster provided a NOSB update. The next NOSB meeting is scheduled for April 26 – 29, 2011, in Seattle, Washington. Some of the items on the draft agenda

Approved Substances; a review of material scheduled to sunset on the National List of Prohibited Substances, specifically sodium nitrate; a review of corn steep liquor; livestock handling issues; and, a review of how accredited certifying agents are reviewing inputs.

ITEM 9: NEW ITEMS

Mr. Hirahara discussed issues related to sterile grass carp in organic designated stock ponds and will provide more information to COPAC.

Mr. Foster discussed issues related to the Brown Marmorated Stink Bug, which is an invasive species for tree fruit.

ITEM 10: NEXT MEETING/AGENDA ITEMS

The next meeting will be held in May 2011.

ITEM 11: ADJOURNMENT

The meeting was adjourned at 2:48 p.m. by Mr. Ashby, Chair.

Respectfully submitted by:



David Carlson, Special Investigator
California State Organic Program
Inspection Services